



JOINT ECONOMIC COMMITTEE DEMOCRATS

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ECONOMIC FACT SHEET

FEBRUARY 2005

SOCIAL SECURITY FACTS

How many families receive Social Security?

- 48 million people receive Social Security benefits each month.
- 1 in 6 Americans receives benefits.
- Nearly 1 in 4 households has some income from Social Security.

Who gets Social Security?

- 30 million retired workers.
- 4.8 million widows and widowers.
- 6.2 million disabled workers.
- 4.0 million children.

How much are average monthly benefits?

- | | |
|-------------------------------------|---------|
| ➤ Retired worker alone: | \$942 |
| ➤ Retired worker and spouse: | \$1,574 |
| ➤ Disabled worker and family: | \$1,496 |
| ➤ Aged widows or widowers: | \$920 |
| ➤ Surviving children: | \$840 |
| ➤ Widowed mother with two children: | \$1,950 |

How important are Social Security benefits?

- More than 90 percent of people aged 65 or older get Social Security.
- Nearly 2 in 3 recipients get half or more of their income from Social Security.
- About 1 in 5 recipients gets all of their income from Social Security.

How is Social Security financed?

- Workers and employers each pay 6.2 percent of wages (a combined 12.4 percent) up to the taxable maximum (\$90,000 in 2005).
- Social Security also receives revenue from the income taxation of benefits of some higher-income beneficiaries and from interest payments on Trust Fund assets.
- About 85-90 percent of Social Security revenues from payroll taxes and income taxes go to pay current benefits. The remainder is credited to the Trust Fund.

Does Social Security face a financial crisis in the future?

- Social Security Trust Fund assets were over \$1.7 trillion at the end of 2004.
- Trust Fund assets will peak at over \$6.6 trillion in 2027.
- The Social Security Trust Fund will remain solvent until 2042 (2052 according to CBO)
- Even after 2042/2052, Social Security will still be able to pay 70 to 80 percent of scheduled benefits from annual tax revenues.

Estimates of Social Security's Solvency		
	Congressional Budget Office ¹	Social Security Administration ²
Key Dates		
Annual spending exceeds annual tax revenue, excluding interest income	2020	2018
Annual spending exceeds annual tax revenue, including interest income	2033	2028
Trust Fund no longer able to pay full benefits	2052	2042
Percentage of scheduled benefits able to be paid	78% in 2052	73% in 2042
¹ Congressional Budget Office, <i>Updated Long-Term Projections for Social Security</i> , Jan. 2005. ² 2004 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.		

What is the size of the Social Security shortfall?

- The present value of the cumulative Social Security shortfall over the next 75 years is \$3.7 trillion (or 0.7 percent of cumulative GDP) according to the Social Security Trustees, or \$1.8 trillion (0.4 percent of GDP) according to CBO. (Present value is the amount today that, with interest, could make up the difference between future cost and revenue.)
- To put that in perspective, the cost of making the Administration's tax cuts permanent is five times the size of the Social Security shortfall.
- The Administration uses an estimate of \$10 trillion for the size of the shortfall. This is the Trustees' estimate over an infinite future. The American Academy of Actuaries has said that estimates over an infinite future are misleading and make the financial condition of Social Security appear worse than it is.

Note: Data on Social Security recipients as of December 31, 2004, from Social Security Administration, Office of the Chief Actuary, "Fact Sheet on the Old-Age, Survivors, and Disability Insurance Program," January 3, 2005.